

Message Text

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ACTION PM-07

INFO OCT-01 EUR-25 ISO-00 L-03 AID-20 IGA-02 MC-02 CIAE-00

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R 231612Z SEP 74

FM AMEMBASSY ATHENS

TO SECSTATE WASHDC 5600

SECDEF WASHDC

INFO USCINCEUR VAIHINGEN

C O N F I D E N T I A L ATHENS 6939

JOINT EMBASSY/JUSMAGG MESSAGE

E.O. 11652: GDS

TAGS: MASS, EAIR, EINV, EIND, GR, US

SUBJECT: HELLENIC AEROSPACE INDUSTRY - GREEK REQUEST FOR CHANGES
IN FMS-GUARANTEED LOAN

REF: A. CJUSMAG ATHENS 171245Z SEP 74

B. CJUSMAG ATHENS 230922Z SEP 74

1. THE FOLLOWING REPRESENT OUR CONSIDERED VIEWS AND RECOMMENDATIONS REGARDING GOG REQUESTS (REF A) TO EXTEND FMS CREDIT UTILIZATION DEADLINE TO DECEMBER 1, 1976, AND TO INCORPORATE A GRACE PERIOD IN PRINCIPAL REPAYMENT TERMS:

(A) GIVEN MANY CHANGES IN GREEK GOVERNMENT SINCE JULY 1972 AS WELL AS MOTHER CAUSES OF DELAYS IN BRINGING HAI PROJECT ALMOST TO SUCCESSFUL CONCLUSION, WE RECOMMEND EXTENSION OF UTILIZATION DEADLINE TO DECEMBER 1, 1976.

B) WE BELIEVE CONCLUSION OF LOCKHEED-GOG AGREEMENT ON HAI IS MERITORIOUS ON POLITICAL, MILITARY, AND COMMERCIAL GROUNDS. THEREFORE, TO EXTENT THAT REQUEST FOR GRACE PERIOD IS IN KEEPING WITH ESTABLISHED FMS CREDIT AND GUARANTEE PRACTICES, AND BECAUSE OF GREECE'S WORSENERD BALANCE OF PAYMENTS SITUATION IN WAKE OF
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OIL AND CYPRUS CRISES (NEITHER OF WHICH WAS FORESEEN IN 1972),

AND IN VIEW OF GOG'S RECENT HEAVY COMMITMENTS TO PURCHASE U.S. MILITARY EQUIPMENT, WE RECOMMEND SYMPATHETIC CONSIDERATION AND, IF AT ALL POSSIBLE, THAT AN OFFER BE MADE TO PROVIDE A PERIOD OF GRACE.

2. WHILE LOCKHEED REPS HAVE NOT REPEAT NOT INDICATED THAT GOG WILL INSIST ON POSITIVE USG RESPONSE TO REF A AS BASIS FOR SIGNING CONTRACT (REF B), WE BELIEVE IT WOULD HELP TO ASSURE CONTRACT SIGNING IF USG WOULD BE AS FORTHCOMING AS POSSIBLE TO GOG REQUEST (REF A).
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Message Attributes

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